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June 3, 2015

SUBJECT: Letter of Clarification No. 2

REFERENCE: Request for Proposal No. S10-T25436

FOUNDATIONAL CITYWIDE COMPLIANCE RISK ASSESSMENT

TO: All Prospective Proposers:

This Letter of Clarification is issued for the following reasons:

- **The following questions and City of Houston responses are hereby incorporated and made a part of the Request for Proposal:**

1. Vendor Question: "Are all City departments and operating divisions included within the scope of the project?"

COH Answer: "Yes. However, to be clear, neither the Office of the City Controller nor the offices of the City's Council members are within the scope of this project."

2. Vendor Question: "Can an organizational chart be provided to identify all divisions included within the scope of the project?"

COH Answer: "City departments and divisions are identified on the City's website."

3. Vendor Question: "Does the project include federal, state and other grants within the scope?"

COH Answer: "Yes."

4. Vendor Question: "What is the reason that the City is undertaking the FCRA project?"

COH Answer: "The City seeks to identify, inventory and prioritize its compliance risks in order to plan efficiently and strategically for its future."

5. Vendor Questions: "Attachment 1, Section 3.8.1 mentions that an Enterprise Risk Financial (ERM) covering a limited number of departments is in progress. Below are a few questions related to this review:"

Council Members: Brenda Stardig Jerry Davis Ellen R. Cohen Dwight A. Boykins Dave Martin Richard Nguyen Oliver Pennington Edward Gonzalez
Robert Gallegos Mike Laster Larry V. Green Stephen C. Costello David W. Robinson Michael Kubosh C.O. "Brad" Bradford Jack Christie
Controller: Ronald C. Green

5a) "Who is currently involved in performing this ERM?"

COH Answer: *"Alvarez & Marsal Business Consulting, LLC, Weaver & Tidwell, LLP, and Bridgepoint Consulting, Inc."*

5b) "Which departments are included within the scope of this ERM?"

COH Answer: *"The project is a staged project. Departments currently involved in review include: Finance, Administrative and Regulatory Affairs, Public Works and Engineering, Fleet Management, Office of the Mayor, Information and Technology, Human Resources, Health and Human Services, Housing and Community Development, and General Services."*

5c) "When will the ERM project be completed?"

COH Answer: *"It is anticipated that the ERM project will be completed after completion of the project contemplated in this RFP."*

5d) "What are the deliverables for this ERM?"

COH Answer: *"Proposers are referred to Solicitation S46-T24797, a document available to the public."*

5e) "Was the ERM project designed to be a pilot or a preliminary FCRA project?"

COH Answer: *"No."*

6. Vendor Question: "What are the specific deliverables expected for each service area described in Attachment 1?"

COH Answer: *"Except for those which may be suggested/recommended by Proposers, deliverables are outlined in RFP Attachment 1."*

7. Vendor Question: "Exhibit III – provides a price form. Is there a specific form that should be provided to provide the proposed fees?"

COH Answer: *"Yes, Proposers are to customize the form provided, see the 'NOTE' located at the bottom of Exhibit III."*

8. Vendor Question: "What is the dollar budget that is expected for this project?"

COH Answer: *"The City has asked Proposers to provide pricing information for the work being contemplated under the RFP. Pricing provided by the successful Proposer will determine the budget for this project."*

9. Vendor Question: "Will the City accept limit of liability provisions in the contract?" Have you accepted them in the past?

COH Answer: *"The insurance and indemnity clauses provided are standard City contract provisions. The successful Proposer may offer alternative provisions, but the City may refuse to accept them."*

10. Vendor Question: "Will the city accept requested changes to indemnification clauses?"

COH Answer: *"The indemnification clause provided is a standard city contract provision. This question cannot currently be answered because whether the city would accept or not alternative language is dependent upon the **Partnering to better serve Houston**"*

content of the proposed alternative language and is a matter to be considered, if at all, with the successful proposer."

11. Vendor Question: "Regarding Page 22 and with respect to firm's experience--will experience working with federal governments also be acceptable to include."

COH Answer: "Yes."

12. Vendor Question: "Regarding Page 30 and Pursuant to Scope of Work Section 3.81, does the City's Internal Audit department play any role with respect to the Enterprise Risk Assessment Financial (ERM) project referenced herein? If so, is it contemplated that the successful firm would have access to the internal auditor and their work over effected departments? Moreover, is it contemplated that the City's Internal Audit department would have any involvement with the FRCA Project in any of the risk assessment activities?"

COH Answer: *"Outside consultants were retained to perform work associated with the City's ERM project. The City's Internal Audit department was not charged with conducting the ERM and has likewise not been charged with performing the FRCA. That said, all City departments, including the City's Internal Audit department can be expected to cooperate with and reasonably facilitate work performed by the successful Proposer."*

13. Vendor Question: "Regarding Section 3.2, request clarification of the language referring to separate task orders---is this a carry-over from another RFP?"

COH Answer: "No."

14. Vendor Question: "Regarding Section 3.3, request clarification of the language referring to the FPCA project---is this a carry-over from another RFP?"

COH Answer: "No."

15. Vendor Question: "Regarding Section 3.1.5 which discusses the objectives for the vendor to assess the current suite of training materials in use by City departments/functions, but the text goes on to read that the Proposer *may be* required to develop procedures policies and/or conduct training...etc. Should the Proposer's technical and cost proposals assume such tasks will be required as part of our response?"

COH Answer: *"Costs associated with possible future development of procedures, policies or training need not be included in the Proposer's cost proposal because it is unknown whether such work will be requested. However, City would find information concerning the Proposer's capabilities and pricing for such activities beneficial and Proposers are encouraged to provide this information in an appendix to their Proposal."*

16. Vendor Question: "Section 3.1.5 notes that the selected Proposer may be required to develop policies, procedures and/or conduct training....as deemed necessary by the CCO." Is this part of the scope of work identified, or is this separate?"

COH Answer: *"Proposers may consider this clause as being separate from the scope of work. However, City would find information concerning the Proposer's capabilities and pricing for such activities of interest and Proposers are encouraged to provide this information in an appendix to their Proposal."*

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- 17. Vendor Question:** "The warranty of services contemplates a 1-year warranty period on page 32. Would the City consider a shorter warranty period, or barring that, a much more limited comment period on final deliverables?"
- COH Answer:** *"The warranty language provided in the RFP is a standard City contract provision. Whether the City would accept alternative language would depend upon a number of factors including but not limited to the content of the proposed alternative language. If modified, the modification would be derived through contract negotiations with the successful Proposer."*
- 18. Vendor Question:** "Is the City willing to accept the Forms in a different format (pages 34–60) with the same information?"
- COH Answer:** *"Yes. Adherence to the general format will, however, facilitate the City's review and verification of Proposer's information."*
- 19. Vendor Question:** "Does the City have a preliminary list of compliance risks / and risk owners that they would be willing to share?"
- COH Answer:** *"Such a list is not currently available."*
- 20. Vendor Question:** "Is the City using any technologies to manage its governance, risk, or compliance within any of the existing departments?"
- COH Answer:** *"Technologies which may be in use have not been inventoried."*
- 21. Vendor Question:** "Regarding Section 3.8.1 & other Sections, the City requests that the Contractor 'assess compliance' with laws and regulations. For clarification, can we assume that the City intends to assess controls over compliance?"
- COH Answer:** *"Proposers can assume that the successful Proposer will assess the City's controls over compliance, advise concerning the sufficiency of these controls, and make recommendations related to same."*
- 22. Vendor Question:** "Regarding Section 3.8.4, the City requests the Contractor to 'Assess the extent to which City assets are accounted for and safeguarded from losses.' Can the City clarify the expectations related to this request?"
- COH Answer:** *"This project does not contemplate a deep-dive financial audit, but does recognize the varied nature of the City's assets and the potential for them to be diminished due to a compliance failure."*
- 23. Vendor Question:** "Regarding Section 3.1.3, the City requests that the Contractor conduct 'internal and external reporting' related to internal control reviews. Can the City clarify the depth and breadth of reporting requested?"
- COH Answer:** *"Internal reporting is to be of a substantial breadth sufficient to enable the City to derive maximum benefit from the work performed. (See also, Section 3.7.2.) External reporting, if any, shall be sufficient to address the reasonable informational needs of the recipient."*

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- Any proposed changes by Proposer to the original Terms and Conditions shall be documented according to the instructions provided on pages 5 and 6 of solicitation document. Only during the evaluation/short-listed negotiation phase of the 'solicitation-to-award' process will any Exceptions and/or proposed added Clauses be considered.

When issued, Letter(s) of Clarification shall automatically become a part of the RFP documents, and shall supersede any previous specification(s) and/or provision(s) in conflict with the Letter(s) of Clarification. It is the responsibility of the Proposer to ensure that they have obtained any such previous Letter(s) associated with this solicitation. By submitting a response on this Proposal, Proposers shall be deemed to have received all Letter(s) of Clarification and to have incorporated them into this RFP.

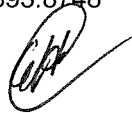
If you should have any questions or if further clarification is needed regarding this Proposal, please contact Greg Hubbard at greg.hubbard@houstontx.gov, or at 832.393.8748.

Sincerely,

Greg Hubbard

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GH:CDW:gh



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Council Members: Helena Brown Jerry Davis Ellen Cohen Wanda Adams Mike Sullivan Al Hoang Oliver Pennington Edward Gonzalez
James G. Rodriguez Mike Laster Larry Green Stephen C. Costello Andrew Burks Melissa Noriega C.O. "Brad" Bradford
Jack Christie **Controller:** Ronald C. Green